

Good governance key to regional growth and economic prosperity

The DIFC today hosted an audience of bank CEOs, senior bank managers, members of the Abu Dhabi Chambers of Commerce, business consultants and lawyers, who met to discuss good corporate governance with Hawkamah, the Institute for Corporate Governance, a subsidiary of the DIFC .

The audience was told that companies operating under effective governance regimes perform better, are valued more highly in the market, have a lower cost of capital and a lower risk profile than those that do not.

The event was held to promote and highlight the ongoing efforts of Hawkamah in promoting good corporate governance within the region and the DIFC, and was held at the Gate building in Dubai.

Good corporate governance can help to mitigate against excessive volatility in capital markets, such as has been witnessed in the region recently: From the end of 2005 to April 2006, Gulf investors saw the value of their holdings fall by over \$200 billion.

Dr Nasser Saidi, Executive Director of Hawkamah, commented: "In order to achieve sustainable growth of the regional markets and financial sector the implementation of good corporate governance is an essential element. Various regulators are developing and some have implemented corporate governance frameworks for companies. We, at Hawkamah, the Institute for Corporate Governance, aim to assist the countries and companies of the region to develop and implement globally sound and well-integrated corporate governance frameworks."

Hawkamah is the first organisation of its kind in the Middle East. It provides technical assistance, monitoring, analysis,

research and consultation for regional institutions. Hawkamah also helps to promote awareness of corporate governance by working with regional taskforces, promoting policy dialogue and acting as an intermediary for corporates seeking to bring their governance in-line with international standards.

Hawkamah has identified a number of priorities in the UAE and the GCC region.

Corporate governance standards in the region's domestic capital markets need to improve to ensure continued growth and to attract investors. The financial sector will play a key role in raising these standards. Likewise, improved legal frameworks are required to ensure the transparency of listed companies and to protect shareholder and creditor funds. Further investment is also required in domestic institutions such as the UAE National Corporate Governance Taskforce.

Hawkamah – The Institute for Corporate Governance was set up earlier this year by a group of international institutions, including the Dubai International Financial Centre (DIFC), Organisation for Economic Cooperation and Development (OECD), International Finance Corporation (IFC), Centre for International Private Enterprise (CIPE), Young Arab Leaders (YAL), Dubai School of Government (DSG), Institute of Management Development (IMD), UAE Ministry of Finance and Industry, and the Union of Arab Banks (UAB). It is an autonomous association covering the Middle East, North Africa and Central Asia.